

FISCAL NOTE

SB 2642 - HB 2641

March 8, 2006

SUMMARY OF BILL: Specifies that, for the purposes of the exercise of the power of eminent domain, a public purpose does not include the use of such power if the taking of residential or business property is transferred or leased to a private developer, corporations or other non-governmental entities solely or principally for the purpose of improving tax revenue or for the purpose of economic development.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.

Assumptions:

- Industrial development boards and developmental housing authorities are authorized to use the power of eminent domain to take property. Staff has been unable to find any instance of industrial development boards utilizing this power.
- The use of the power of eminent domain for traditional purposes such as the construction of roads would be a permissible public use, rather than a promotion of economic development, and would therefore continue.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director